

**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AGREED-UPON PROCEDURES ENGAGEMENT
OF THE
FORMER MORGAN COUNTY
PROPERTY VALUATION ADMINISTRATOR**

**For The Period
July 1, 2006 Through May 31, 2007**



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Independent Accountant's Report

Robert M. Burnside, Secretary, Finance and Administration Cabinet
The Honorable Darrell Bradley
Former Morgan County Property Valuation Administrator
Debbie Hamilton, Acting Morgan County Property Valuation Administrator
West Liberty, Kentucky 41472

We have performed the procedures enumerated below, which were agreed to by the former Morgan County Property Valuation Administrator (PVA), solely to assist you with the accountability for statutory contribution receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts for the period July 1, 2006 through May 31, 2007. This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the Morgan County PVA. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

1. Procedure -

Determine if the PVA has a receipts ledger, a disbursements ledger, and reconciles bank records to books each month. Re-perform the year-end bank reconciliation (May 31, 2007) for all bank accounts, to determine if amounts are accurate.

Finding -

The PVA properly maintained a receipts and disbursements ledger and reconciled bank records to the ledgers each month. The year-end reconciliation was accurate and complete.

2. Procedure -

Confirm any and all payments by the city to the PVA. Compare recorded city receipts to confirmed payment amounts obtained from city governments. Also review the list of city receipts for completeness.

Finding -

The PVA did not receive any city payments during the period of engagement.



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3. Procedure -

Confirm any and all payments made by the fiscal court to the PVA. Compare the budgeted statutory contribution by fiscal court to the legally required amounts calculated by the Department of Revenue. Trace the fiscal court payments from the fiscal court statutory contribution budget account to the PVA's local bank account.

Finding -

The former PVA did not receive the total statutory contribution of \$17,800 from the fiscal court. The fiscal court deducted \$2,265 from the PVA's statutory contribution for expenditures paid in advance. KRS 132.590 (12) states the fiscal court shall pay the remainder of the county appropriation to the office of the property valuation administrator on a quarterly basis. We recommend the PVA receive his statutory contribution on a quarterly basis and any amounts due the fiscal court for expenditures paid in advance should be reimbursed to the county from the PVA's official account.

Former PVA's Response - None.

4. Procedure -

Judgmentally select 15 disbursements from PVA records and agree amounts to cancelled checks, paid invoices or other supporting documentation. Determine if the expenditure is for official business. Review all credit card statements (if any) to determine if expenditures are for official business.

Finding -

The former PVA wrote the following checks payable to cash: #1721, #1739, #1748, #1759, #1764, and #1797 for \$100, \$200, \$250, \$250, \$300, and \$100 respectively. The checks totaled \$1,200 and were cashed at the bank where the PVA's official account is located. No supporting documentation was provided for these disbursements. Checks payable to cash are not allowable expenditures of the PVA's office. We do not recommend the practice of issuing checks payable to cash and we do recommend maintenance of proper documentation for all disbursements. The Department of Revenue should take necessary administrative action to recover the \$1,200 of unsubstantiated disbursements.

Former PVA's Response - None.

5. Procedure -

Compare capital outlay disbursements with cancelled checks, supporting documentation, and proper purchasing procedures. Verify the location of newly acquired assets. Determine if assets were added to the PVA's Capital Asset Inventory List.

Finding -

Capital outlay disbursements agreed to cancelled checks and were supported by adequate documentation. No new capital assets were purchased during the period of July 1, 2006 through May 31, 2007.

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6. Procedure -

Scan vehicle lease agreements, personal service contracts, and professional service contracts for cost schedules and compare to actual payments. Determine if services received were appropriate, for official business, and properly authorized.

Finding -

Payments made agreed to cost schedules and were properly authorized.

7. Procedure -

Compare PVA's final budget to actual expenditures to determine if PVA overspent in any account series.

Finding -

The PVA did not compile his records by account to allow a comparison of budget to actual expenditures. We recommend the PVA compile his records in such a manner to allow proper comparison of budget to actual expenditures in order to determine if expenditures exceed the amount budgeted.

Former PVA's Response - None.

8. Procedure -

Determine whether collateral is necessary for the PVA's funds. If necessary determine if the PVA was sufficiently collateralized for the year and if a collateral agreement exists.

Finding -

Collateral was not necessary for the PVA's funds.

9. Procedure -

Determine whether timesheets are completed, maintained, and support hours worked.

Finding -

Timesheets reviewed were complete and supported hours worked.

10. Determine whether cash balances were properly transferred from former PVA to new PVA.

Finding -

The former PVA properly transferred cash balances to the acting PVA.

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We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the receipts and disbursements, including capital outlay disbursements, city government receipts, recordkeeping, and leases and contracts. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the former Property Valuation Administrator and the Department of Revenue and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

June 4, 2007

